

THC FARMACEUTICALS, INC
Notes to the Consolidated Financial Statements
For The Years Ended September 30, 2020 and 2019 (unaudited)

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

City Media, Inc. (the “Company”) was incorporated in the state of Utah on April 14, 2005. On September 24, 2010, the Company acquired Charta Systems, Inc. a Utah corporation in a stock exchange reverse acquisition. The acquisition is accounted for as a reverse merger and Charta is considered to be the accounting acquirer. Accordingly, the historical financial information included in the financial statements is that of Charta. During the quarter ended December 31 2014 control of the company was acquired by Weed Growth Fund, Inc. (WEDG) a Nevada corporation in-turn controlled by New Compendium Corporation a Colorado corporation. On February 2015 the Company changed its name to THC Pharmaceuticals, Inc. On July 8, 2015 the Company organized Terpene Research Labs, Ltd. under the laws of the state of Colorado as a wholly owned subsidiary.

The Company owns, maintains and places automated teller machines (“ATMs”) at high traffic consumer locations in Salt Lake City, Utah and surrounding cities.

With the organization of its subsidiary and the acquisition of certain assets the Company has expanded its business to include the research and development of technologies to facilitate the legal production and sale of hemp, medical marijuana and /or legal recreational cannabis.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include assumptions made in estimated useful lives of property and equipment, assumptions inherent in a purchase price allocation, accruals for potential liabilities, certain assumptions used in deriving the fair value of derivative liabilities, share-based compensation and beneficial conversion feature of notes payable, and realization of deferred tax assets.

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board whereas the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option and warrant grants is estimated using the Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the

value derived from the Black-Scholes option pricing model and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

Fair Value of Financial Instruments

The Company follows paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments and paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company’s other financial assets and liabilities, such as cash, accounts receivable, prepaid expense, accounts payable and accrued payables, advances from related parties and notes payable, approximate their fair values because of the short maturity of these instruments.

Acquisitions and Business Combinations

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and separately identified intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from, acquired technology, trade-marks and trade names, useful lives, and discount rates. Management’s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

All of the Company's accounts receivable balance is related to trade receivables. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company will maintain allowances for doubtful accounts, estimating losses resulting from the inability of its customers to make required payments for products. Accounts with known financial issues are first reviewed and specific estimates are recorded. The remaining accounts receivable balances are then grouped into categories by the amount of days the balance is past due, and the estimated loss is calculated as a percentage of the total category based upon past history. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered.

Net Income (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of convertible notes, stock issuable to the exercise of stock options and warrants have been excluded from the diluted loss per share calculation because their effect is anti-dilutive.

Segments

The Company determined its reporting units in accordance with ASC 280, "Segment Reporting" ("ASC 280"). Management evaluates a reporting unit by first identifying its' operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated.

Management has determined that the Company has one consolidated operating segment. The Company's reporting segment reflects the manner in which its chief operating decision maker reviews results and allocates resources. The Company's reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments.

Principles of Consolidation

The consolidated financial statements of the Company include those of the Company and its subsidiary for the periods in which the subsidiary was owned/held by the Company. All significant intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the assets, which range from three to seven years. Expenditures for major renewals and betterments that extend the original estimated economic useful lives of the applicable assets are capitalized. Expenditures for normal repairs and maintenance are charged to expense as incurred. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any gain or loss is included in operations.

The primary nature of the Company's equipment is ATMs. The ATMs are depreciated utilizing a straight line method. The useful life of each machine is approximately twelve years. The remaining useful lives on the machines we are currently utilizing ranges from zero to seven years. The Company has a policy to immediately expense equipment with a cost of less than \$400.

Intangibles

The Company uses assumptions in establishing the carrying value, fair value and estimated lives of the Company's long-lived assets and goodwill. The criteria used for these evaluations include management's estimate of the assets' continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, the strategic significance of any identifiable intangible asset in its business objectives, as well as the market capitalization of the Company. Cash flow projections used for recoverability and impairment analysis use the same key assumptions and are consistent with projections used for internal budgeting, and for lenders and other third parties. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Useful lives and related amortization or depreciation expense are based on the Company's estimate of the period that the assets will generate revenues or otherwise be used by Kronos. Factors that would influence the likelihood of a material change in the Company's reported results include significant changes in the assets' ability to generate positive cash flow, loss of legal ownership or title to the asset, a significant decline in the economic and competitive environment on which the asset depends, significant changes in the Company's strategic business objectives, and utilization of the asset.

Income Taxes

Income taxes are accounted for in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized, but no less than quarterly. Currently the company has not valued any NOL because of the expectation that it will not be used.

Research and Development Expenses

Costs related to research and development are charged to research and development expense as incurred.

Revenue Recognition

The Company accounts for revenues in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which includes (1) identifying the contract(s) or agreement(s) with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. Under ASC 606, revenue is recognized when performance obligations under the terms of a contract are satisfied, which occurs for the Company upon shipment or delivery of products or services to our customers based on written sales terms, which is also when control is transferred. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring the products or services to a customer.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This ASU and all the related amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted this guidance in the first quarter of fiscal 2020, the quarter ended December 31, 2019 using the optional transitional method afforded under ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. Results for reporting periods beginning after the adoption date are presented under Topic 842, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under ASC 840 (see Note 7 - Leases).

The Company elected and applied the available transition practical expedients. By electing these practical expedients, the Company did:

- a. not reassess whether expired or existing contracts contain leases under the new definition of a lease;
- b. not reassess lease classification for expired or existing leases; and
- c. not reassess whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*. The amendments in this ASU align the implementation date for nonpublic entities' annual financial statements with the implementation date for their interim financial statements. In addition, the amendment clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20; instead impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842: *Leases*. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments*. The amendments in this ASU further clarify certain aspects of ASU No. 2016-13. For entities that have not yet adopted ASU No. 2016-13, this ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief*. The amendments in this ASU provide transition relief for ASU No. 2016-13 by providing an option to irrevocably elect the fair value option for certain financial assets measured at an amortized cost basis. For entities that have not yet adopted ASU No. 2016-13, this ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact this ASU will have on its financial statements and related disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants and the SEC did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

NOTE 3. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company is dependent upon raising additional capital and without realization of such it would be unlikely for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty. As of the date of these statements, management has organized a subsidiary and acquired certain assets to expand its business into the research, development and production of legalized hemp, medical marijuana and /or legal recreational marijuana products. Management plans to continue to seek funding from its shareholders and other qualified investors to pursue its business plan.

NOTE 4. ACQUISITION OF CERTAIN ASSETS

On January 5, 2015, the Company entered into an agreement with the Las Vegas Cannabis Info Center (LVCIC) wherein the Company acquired a thirty percent (30%) interest in LVCIC in exchange for 25,000 common shares and a cash payment of \$25,000. LVCIC is a resource and learning center conducting classes in marijuana dispensary management, law, marketing, advertising, cultivation and cooking.

On January 5, 2005, the Company entered into an agreement with a related party to acquire certain intangible assets valued at \$1,000,000 thru the issue of 3,000,000 common shares. The assets include the domain name "hempcoin.com;" 2,399,074,298.5 hempcoins (HMP); and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin as a crypto currency. The purchase includes all copyrights, trademarks, and patents whether registered or unregistered, statutory or common law and any rights to claim or register such intellectual property.

On March 10, 2015 the Company filed US patent No. 14-638,939 related to digital currency wallets and specifically to wallets that securely hold multiple currencies. No value has been recorded for this asset.

On March 12, 2015, the Company acquired an eighty percent (80%) interest in US Patent Application No. 14/564,672 and PCT Application No. PCT/US15/18820, for \$8,532. The patents relate to methods of producing antibody-rich cannabis and honeysuckle plants.

On June 9, 2015, the company entered into an asset Purchase agreement with Rocky Mountain Ayre, Inc., (RMTN) a Delaware corporation. Wherein RMTN agreed to purchase the domain name "hempcoin.com"; 1,500,000,000 hempcoins; and all intellectual property associated with hempcoin.com, hempcoin purse, and hempcoin crypto currency, including copyrights, trademarks, patents etc. The Company received 8,745,000 restricted common shares of RMTN stock which represents approximately Twenty percent (20%) of RMTN outstanding stock. The agreement includes provisions for the Company to provide annual development costs and server fees of a maximum of \$10,000 associated with the promotion of hempcoins.

The Company recorded \$787,050 as an investment in affiliates using the equity method for this investment in RMTN. The sale of the 1.5Billion hempcoins leaves the Company with a balance of 899,074,298.5 hempcoins which are included as an intangible asset with a recorded value of \$.

During the Quarter ended March 31, 2018 but not finalized until the Quarter ended June 30, 2018 the Company entered into a Rescission Agreement that called for the return of 500,000,000 iCoins previously delivered to RMTN. Further, the Rescission Agreement called for the Company to return to RMTN 7,870,500 of RMTN's restricted common shares reducing the Company's investment in RMTN to approximately 2%. The Rescission resulted in the Company recognizing an extraordinary loss of \$589,918.

On September 7, 2018 the Company issued 1,500,000 shares of common stock to acquire a 50.1% equity interest of CBDual Biotechnology Corp.

A summary of Intangible Assets for the fiscal years ended September 30, 2020 and 2019 is as follows:

Intangible Assets:	September 30,	September 30,
	2020	2019
Hempcoins	\$ 0	\$ 212,950
Intellectual Property - Patent	8,532	8,532
Goodwill	1,037,000	1,037,000
Less:		
Amortization of goodwill	(29,823)	(29,823)
Total Intangible Assets	<u>\$ 1,015,709</u>	<u>\$ 1,228,659</u>

The Company determined that the Hempcoins had no value and as such recorded an impairment loss of \$212,950 during the year ended September 30, 2020.

NOTE 5. INVESTMENT IN AFFILIATE

In November, 2019 the Company entered into an agreement with HempCigNet, Inc., a Colorado corporation. HempCigNet, Inc (HCN) was incorporated for the purpose of this agreement and to enter the Cannabis L (HEMP) and/or Cannabis Sativa and/or Cannabis Indica cigarette vending business for placement in licensed dispensaries. The Company agreed to purchase, pursuant to section 1244 of the Internal Revenue Code of 1986, as amended, 25,000,000 shares of common stock of HCN for 1,000,000 common stock shares of the Company. As of September 30, 2020 the shares have not been issued.

NOTE 6. RELATED PARTY TRANSACTIONS

Service Agreement:

The Company has a Service Agreement with Wasatch ATM (“Wasatch”), a Utah limited liability corporation owned and managed by a Company stockholder. The agreement provides for Wasatch to provide all maintenance, repair and service work along with distribution of vault cash. Currently the agreement provides for a rate of \$1,500 per month.

NOTE 7. STOCKHOLDERS’ EQUITY

Preferred Stock

The Company is authorized to issue 10,000,000 preferred shares at a par value of \$0.001 per share. As of September 30, 2020, no preferred shares are issued and outstanding.

Common Stock

The Company is authorized to issue 90,000,000 common shares at a par value of \$0.001 per share. As of September 30, 2020, the Company has a total of 16,631,600 shares of common stock issued and outstanding.

On November 11, 2014 the Company issued 3,003,600 common shares in return for the of all Company debts

estimated to be \$100,000. Because of the limited activity in the public market the shares were valued at \$0.30 per share resulting in the Company recording an \$801,080 extraordinary loss.

On January 5, 2015, the Company issued 25,000 common shares and \$25,000 to purchase assets valued at \$50,000 accounted for using the equity method. Because of the limited activity in the public market the shares were recorded using the value of the interest purchased.

On January 5, 2015, the Company issued 3,000,000 common shares to a related party to acquire assets valued at \$1,000,000. Because of the limited activity in the public market the shares were recorded using the value of the interest purchased.

On January 8, 2015, the Company issued 15,000 common shares for consulting services valued at \$15,000.

On August 20, 2015, the Company issued 180,000 common shares for consulting services valued at \$36,000.

In September, 2018 the Company issued 1,500,000 shares for acquiring 50.1% of CBDual Biotechnology Corp.

NOTE 8. SUBSIDIARY AGREEMENTS

On September 11, 2015, the Company and its subsidiary Terpene Research Labs, Ltd. (TRL) entered into a development and marketing agreement with Canabis Sativa, Inc. a Nevada corporation (CBDS). Provisions of the agreement include:

- a. The development of terpene based products from CBDS' patent pending strain of Cannabis known as CTA.
- b. The Company is to receive non-exclusive right to sell terpene products developed by TRL from CBDS' CTA Cannabis for the payment of 10,000,000 hempcoins and a five percent (5%) royalty.
- c. CBDG will pay CBDS a thirty-five percent (35%) on all gross revenue received from licensing such terpene products.
- d. CBDS shall retain the right to sell products developed by TRL under its "HI" brand and will pay TRL a five percent (5%) royalty on such sales.
- e. CBDS shall pay CBDG a thirty-five percent royalty on gross revenue received from CBDS' licensing TRL products to third parties.
- f. CBDG shall have the all rights to CTA products developed by TRL for distribution outside North America.
- g.

NOTE 8. LOSS ON EXTINGUISHMENT OF DEBT

On September 30, 2020, the Company entered into a settlement agreement for this debt to a related party, whereby the Company issues a 5 year option to purchase up to 1,500,000 common shares of the Company at an exercise price of \$0.29 per share and \$575,000 of debt is extinguished. The value of the options was determined to be \$450,000. A gain on extinguishment of \$125,000 was recorded.

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 after the balance sheet date through the date the financial statements were issued.

The Company did not identify any additional material events or transactions occurring during this subsequent event reporting period that required further recognition or disclosure in these financial statements.

THC Pharmaceuticals, Inc.
Consolidated Balance Sheets
(unaudited)

	September 30,	September 30,
ASSETS	2020	2019
Current assets		
Cash	\$ 2,588	\$ 2,550
Accounts Receivable	9,116	1,442
Deposits and Prepayments	25,000	25,000
Loans Receivable - Related Parties	621,513	621,513
Total current assets	658,217	650,505
Property, Plant and Equipment, net	7,409	8,361
Intangible Assets	1,015,709	1,228,659
Investment in Affiliates	645,000	645,000
Total Assets	\$ 2,326,335	\$ 2,532,525
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 30,026	\$ 10,811
Accrued expenses	62,802	44,802
Accrued interest related parties	577	577
Advances from related parties	115,269	114,025
SBA loan payable	1,000	-
Note payable - related party	341,724	916,724
Total current liabilities	551,398	1,086,939
Commitments and Contingencies	-	-
Stockholders' Deficit:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized No shares issued and outstanding as of September 30, 2020 and September 30, 2019, respectively	-	-
Common stock, par value \$0.001, 90,000,000 shares authorized 16,631,600 shares issued and outstanding as of September 30, 2020 and September 30, 2019, respectively	16,631	16,631
Shares to be issued	645,000	645,000
Additional paid in capital	3,536,792	3,086,792
Non-controlling interest	(571,780)	(511,576)
Accumulated deficit	(1,851,706)	(1,791,261)
Total Stockholders' Equity	1,774,937	1,445,586
Total Liabilities and Stockholders' Equity	\$ 2,326,335	\$ 2,532,525

The accompanying notes are an integral part of these consolidated financial statements.

THC Pharmaceuticals, Inc.
Consolidated Statements of Operations
(unaudited)

	<u>For Year Ended</u> <u>September 30, 2020</u>	<u>For Year Ended</u> <u>September 30, 2019</u>
Revenue	\$ 7,575	\$ 10,193
Cost of goods sold	<u>-</u>	<u>1,681</u>
Gross Profit	<u>7,575</u>	<u>8,512</u>
Operating Expenses:		
General and administrative	39,322	165,651
Depreciation	<u>952</u>	<u>953</u>
Total operating expenses	<u>40,274</u>	<u>166,604</u>
Loss from operations	<u>(32,699)</u>	<u>(158,092)</u>
Other (Income) Expense		
Impairment of intangible assets and investments in affiliates	212,950	837,050
Gain on extinguishment of debt	<u>(125,000)</u>	<u>-</u>
Total Other (Income) Expense	<u>87,950</u>	<u>837,050</u>
Net Income (Loss) Before Income Taxes	(120,649)	(995,142)
Income Tax Expense	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>(120,649)</u>	<u>(995,142)</u>
Loss attributable to non-controlling interest	<u>(60,204)</u>	<u>(496,576)</u>
Net Income (Loss) Attributable to THC Pharmaceuticals, Inc	<u><u>\$ (60,445)</u></u>	<u><u>\$ (498,566)</u></u>
Net income (loss)		
-Basic	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.01)</u></u>
-Diluted	<u><u>\$ (0.01)</u></u>	<u><u>\$ (0.01)</u></u>
Weighted average common shares outstanding		
-Basic	<u><u>16,631,600</u></u>	<u><u>15,245,633</u></u>
-Diluted	<u><u>16,631,600</u></u>	<u><u>15,245,633</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

THC Pharmaceuticals, Inc.
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Shares \$0.0001 Par Value		Preferred Shares \$0.0001 Par Value		Additional Paid-In Capital	Accumulated Deficit	Shares To Be Issued	Non Controlling Interest	Equity (Deficit)
	Shares Issued	Amount	Shares Issued	Amount					
Balance, September 30, 2019	16,631,600	\$ 16,631	-	-	\$3,086,792	\$(1,791,261)	\$ 645,000	\$ (511,576)	\$ 1,445,586
Issuance of stock options for extinguishment of debt					450,000				450,000
Net loss						(60,445)		(60,204)	(120,649)
Balance, September 30, 2020	16,631,600	\$ 16,631	-	-	\$3,536,792	\$(1,851,706)	\$ 645,000	\$ (571,780)	\$ 1,774,937
Balance, September 30, 2018	16,631,600	\$ 16,631	-	-	\$3,086,792	\$(1,292,695)	\$ -	\$ (15,000)	\$ 1,795,728
Shares to be issued							\$ 645,000		\$ 645,000
Net loss						(498,566)		(496,576)	(995,142)
Balance, September 30, 2019	16,631,600	\$ 16,631	-	-	\$3,086,792	\$(1,791,261)	\$ 645,000	\$ (511,576)	\$ 1,445,586

The accompanying notes are an integral part of these consolidated financial statements.

THC Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	For Year Ended September 30, 2020	For Year Ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (120,649)	\$ (1,208,092)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Impairment of investments in affiliates	212,950	1,050,000
Gain on extinguishment of debt	(125,000)	
Depreciation expense	952	953
Changes in operating liabilities		
Accounts receivable	(7,674)	
Accounts payable	19,215	7,902
Accrued expenses	18,000	15,000
Net Cash Used in Operating Activities	(2,206)	(134,237)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable	1,000	-
Advances from related parties	1,244	105,073
Net Cash Provided by Financing Activities	2,244	105,073
Net Increase in Cash	38	(29,164)
Cash at Beginning of Period	2,550	31,714
Cash at End of Period	\$ 2,588	\$ 2,550
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.